

UNITED STATES DEPARTMENT OF AGRICULTURE

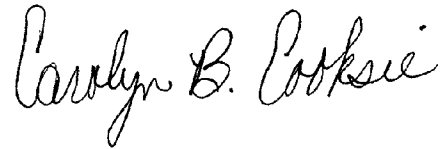
Farm Service Agency
Washington, DC 20250

Notice FLP-149

For: State and County Offices

Screening Process for FLP Treasury Offset Program (TOP) Calendar Year 2000

Approved by: Deputy Administrator, Farm Loan Programs



1 Overview

A

Background

The Debt Collection Act, as amended by the Debt Collection Improvement Act of 1996 (DCIA), requires that delinquent debtors be referred to TOP for administrative offset of Federal Government payments, including the following:

- income tax refunds
- Federal salary pay, including military pay
- Federal retirement, including military retirement pay
- contractor or vendor payments
- certain Federal benefit payments issued under the Social Security Act (other than Supplemental Security Income), part B of the Black Lung Benefits Act, and any law administered by the Railroad Retirement Board (other than tier 2 benefit payments)
- other Federal payments that are not exempt from offset.

A 2-phase process will be used to screen for TOP offset eligibility. Phase 1 will screen delinquent debtors 90 calendar days or more past due for eligibility to receive the 60-calendar-day due process notice. In Phase 2, Field Offices will delete debtors before certification if the borrower resolves the delinquency.

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Disposal Date

September 1, 2001

Distribution

State Offices; State Offices relay to County
Offices

1 Overview (Continued)

B

Purpose

This notice provides:

- guidance on determining eligibility for receiving a 60-calendar-day due process notice
 - instructions for deleting debtors on the TOP (formerly IRS) offset update screens.
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C

Contacts

Address questions about this notice as follows:

- County Offices shall contact the State Office
 - State Offices shall contact 1 of the following offices:
 - for questions about FLP procedures, LSPMD
 - for questions about the screening process, St. Louis Finance Office, Loan Operations Division, Program Reporting Branch (LOD, PRB) at 314-539-2494.
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2 St. Louis Finance Office Responsibility

A

Debtors Selected for TOP Offset Screen

St. Louis Finance Office will make the TOP offset online screens available to State and County Offices no later than the week of August 14, 2000. All delinquent debtors 90 calendar days past due and not flagged “BAP” or “SAA”, with a loan or loans at least \$25 delinquent, will be reflected on the screens. “Currently Not Collectible” (CNC) (chargeoff) borrowers not released from liability (class of writeoff code = 5) and employee defalcations are also included.

Report Code 540, as of August 1, 2000, will be used to determine eligibility for debtors appearing on the screen. For accounts with an ACL, FAP, or CAP flag, cost item loans, and for employee defalcations, the delinquent amount is the unpaid principal and interest.

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2 St. Louis Finance Office Responsibility (Continued)

A

Debtors Selected for TOP Offset Screen (Continued)

Debtors flagged “51-S” have been included. Debtors who have requested servicing under FmHA Instruction 1951-S are **eligible** for offset until a settlement or repayment plan has been approved by FSA. Debtors flagged 51-S whose account appears delinquent because of Transaction Code 5S or 5T problems should be deleted. Contact your Finance Office loan servicing team to verify delete eligibility because of transaction processing problems.

Note: Additional debtors or loans cannot be added. This capability is under development, as is capturing judgments and delinquent leases.

B

Notice to Debtors

During the week of September 11, 2000, the St. Louis Finance Office will send a 60-calendar-day due process notice to all debtors not deleted on the offset screens in Phase 1. See Exhibit 1 for a copy of the proposed notice. The notice provides the 60-calendar-day due process notice required under DCIA. Debtors will have 60 calendar days from the date of receipt to provide evidence in writing to the servicing official that their debt should not be offset. **The notice does not provide new appeal rights.**

3 County Office Responsibility

A

Screening

During the week of August 14, 2000, servicing officials will be provided access to the TOP offset online screen. Servicing officials have until COB September 8, 2000, to:

- review the online screens and determine whether each debtor has a loan or loans which make the debtor eligible to receive a 60-calendar-day due process notice

Note: Verify the accuracy of any flags on the debtors account and correct if necessary.

- notify LOD, PRB by FAX at 314-539-6266 of any CNC loans, which are eligible for TOP and/or cross-servicing, but do not appear on the TOP screens
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3 County Office Responsibility (Continued)

A

Screening (Continued)

- review Exhibit 2 for delete codes which will be programmatically generated based on the status of the debtor's account as of September 8, 2000

Note: No servicing office action is needed for debtors who fit the deleted code criteria in Exhibit 2.

- enter a delete code for **each** loan which is ineligible, based on criteria in Exhibit 3. Do not use codes which do not appear in Exhibit 3.

CNC (chargeoff) loans, which had been excluded in prior years because of a computer calculation for the 10-year statute of limitations, have been included this year. It is critical that these loans be reviewed carefully. If any CNC loan is past the statute of limitations as defined by OGC, notify LOD, PRB immediately by FAX at 314-539-6266.

Note: Do not use delete code "09" on the TOP offset screens to remove CNC chargeoffs. Using the code "09" will remove the loan from cross-servicing.

For debtors whose files are being handled in another office, contact that office for a determination of eligibility.

If the servicing official is not able to access that office's debtors, and the servicing official is aware that there should be debtors on the screens, contact the State Office.

Note: Each loan must be reviewed because the 10-year statute of limitations for collection by offset may have expired. Only the servicing office can determine whether the loan should be deleted. Use delete code 09 for open loans only.

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3 County Office Responsibility (Continued)

B

How to Access Screens

County Offices can view and delete debtor loans from the TOP offset online screens as follows.

On the Online Subsystem Selection Menu, select “TOPOFFST”. The Borrowers Selection Menu will be displayed.

On the Borrowers Selection Menu, enter 1 of the following to view all borrowers by servicing office or to view an individual borrower by case number.

ENTER “2” in the “Enter Option” field to view borrowers by State and county. Enter the 2-digit non-FIPS State code (former FmHA code) in the “Enter State” field. Enter all 5 digits of the FSA servicing office mail code, which is the 2-digit non-FIPS State code and the 3-digit servicing office code, and PRESS “Enter”.

- ENTER “3” in the “Enter Option” field to view borrowers by case number. Enter all 5 digits of the FSA servicing office mail code, which is the 2-digit non-FIPS State code (former FmHA code) and the 3-digit servicing office code, in the “Enter State and County” field. Enter the entire 15-digit borrower case number in the “Enter Case Number” field, and PRESS “Enter”. The loans for the borrower requested will be displayed if the borrower is within the requestor’s servicing jurisdiction.

ENTER “4” in the “Enter Option” field to return to the Online Subsystem Selection Menu, and PRESS “Enter”.

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3 County Office Responsibility (Continued)

C

Deleting Debtors After accessing debtors through option 2 or 3 on the Borrowers Selection Menu, follow these steps to delete a loan **(and any cost item related to the loan)** if ineligible for offset.

Step	Action
1	Input the applicable delete code from Exhibit 3 in the “DLT CDE” field on the line for the loan number to be deleted. If all of a debtor’s loans are to be deleted, a delete code MUST be input for each loan.
2	Input any delete codes needed for all borrowers and their loans displayed on the screen.
3	PRESS “Enter”. Note: “Enter” must be pressed for each page if a delete code has been entered. If “PF8” or “PF7” is pressed without pressing “Enter” first, the delete code will not be processed.
4	Once “Enter” has been pressed, “Borrower(s) Processed” will be displayed on the bottom left of the screen. The delete codes will be displayed in the loan line under the “Delete Code” column, which is left of the center of the screen. The current date will be displayed in the “Delete Date” column in the center of the screen.
5	Continue this process for all pages displayed for the requested servicing office or borrower.

Debtors remaining undeleted after screening should be in 1 of the following categories and not in bankruptcy:

- loans at least 90 calendar days past due, with no approved repayment or settlement plan

CNC (chargeoff) loans

- employee defalcations.

Note: Before COB September 8, 2000, the delete code previously entered may be changed by inputting “00” if the debtor becomes eligible for offset, or by entering a new delete code. Any debtor loans that have no delete code input by COB September 8, 2000, or generated in the update process immediately following, will receive a 60-calendar-day due process notice. Debtors not receiving a 60-calendar-day due process notice will not be certified for offset and will not be added to TOP.

4 State Office Responsibility

A

Accessing the Screens

State Offices will be able to delete problem accounts serviced by their office online if necessary. Reference subparagraph 3 A for critical information regarding eligibility.

State Offices can access the TOP offset screens as follows:

- select “TOPOFFST” from the Online Subsystem Selection Menu
- ENTER “1” in the “Enter Option” field to view all borrowers in the State selected
- enter the 2-digit non-FIPS State code in the “Enter State” field, and PRESS “Enter”. All debtors within the State will be displayed. Follow the steps in subparagraph 3 C to delete any applicable loans.

To delete a specific borrower, follow the steps in subparagraphs 3 B and C using option 3.

B

Verifying Screening Process

State Offices must follow up with servicing offices to ensure that the screening process has been completed by the September 8, 2000, deadline. To verify that the screening has been completed, view each servicing office screen for delete codes other than “00”. If this field is “00” for all borrowers in the servicing office, there may be no debtors who are ineligible or the delete codes have not been processed. Contact servicing offices that have no delete codes on the debtor loans to verify that the screening has been completed, and that no access problems exist.

Treasury Offset Notice

Dear Debtor,

Our records indicate that you are more than 90 days past due on Farm Loan Program debt owed to the U.S. Department of Agriculture, Farm Service Agency (FSA). As of September 8, 2000, the debt included the delinquent loans listed on the back of this notice. You have 60 days to resolve this delinquent debt.

The following courses of action are available to you for settling this debt:

- Pay the outstanding delinquent debt at your local servicing office immediately.
- Make settlement arrangements with your local servicing office. Any settlement or repayment offer must be submitted in writing and must state the specific terms desired. Signed financial statements must be provided with any settlement or installment request. The financial statements must list all income and expenses and also include a balance sheet listing all assets and liabilities.

Inform your local servicing office of any bankruptcy proceedings. Debtors who have filed for bankruptcy, and for whom an automatic stay is in effect, may not be subject to the following collection actions. If this provision applies, please submit a copy of your filed bankruptcy petition to your local servicing office immediately.

If the delinquent debt is not involved in a bankruptcy proceeding and is not paid in full or settled with a signed, written agreement by November 24, 2000, this office will take all appropriate collection actions, including:

- Offset of the following Government payments:
 - Internal Revenue Service (IRS) income tax refunds;
 - Federal salary pay, including military pay;
 - Federal retirement, including military retirement pay;
 - contractor or vendor payments;
 - certain Federal benefit payments issued under the Social Security Act (other than Supplemental Security Income), part B of the Black Lung Benefits Act, and any law administered by the Railroad Retirement Board (other than tier 2 benefit payments); and
 - other Federal payments, including certain loans to you, that are not exempt from offset.
- Reporting the debt to consumer and commercial credit bureaus.

The delinquent amount referred will include delinquent principal, accrued interest, and collection costs. The total due will continue to increase until the delinquency is paid or settled. Please note that any debt forgiven by the Agency will be reported to IRS on Form 1099-C, Cancellation of Debt.

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Treasury Offset Notice (Continued)

Debt which has been charged off, but not released from liability, will be referred to a Treasury-designated collection center, with potential referral to private collection agencies, and possible wage garnishment.

You have the right to obtain a copy of the records for the listed delinquent debt. To obtain a copy of the records, send a written request within 20 days from the date of this notice to your local servicing office. Please provide your social security number or employer identification number and your complete mailing address with the request.

You have the right to a review of the validity of the delinquent debt amount. Any request for review must be made in writing to your local servicing office within 30 days from the date of this notice. Please explain the reason for any challenge. Include any written evidence available to support your position. The information provided will be reviewed and you will be notified in writing of a determination. This notice does not provide new appeal rights.

If a joint Federal income tax return is filed, and your spouse is not responsible for this debt, obtain IRS Form 8379, Injured Spouse Claim and Allocation, from your local IRS office. The instructions will explain the steps your spouse may take to obtain his or her share of your joint income tax refund.

For further information, please call your local servicing office or our toll-free number, 800-428-9643.

Sincerely,

Lester R. Flandermeyer
Director, Kansas City Finance Office

IRS Offset Programmatic Delete Codes

Code	Description
02	Account has a “BAP” flag.
08	Account has an “SAA” flag.
13	A cost item reversal put a Z99 paid code on the account. Transaction code 4A or 4D put a Z97 paid code on the account.
17	Loan is current or paid in full by cash payment.
19	Loan is satisfied by other than those reasons in codes 13, 17, and 38.
38	Account has been written off with a class of writeoff code other than “5”.

TOP Offset Online Screen Delete Codes

Code	Description
01	Account has been referred to OGC or Department of Justice for foreclosure and collection by offset would jeopardize the litigation under State law. Note: Existence of a foreclosure action pending flag is not a determining factor. Remove any erroneous flag.
02	Loan has been discharged in bankruptcy and debtor is no longer liable, or is under the jurisdiction of a bankruptcy court and the debt has not been reaffirmed. Note: Existence of a bankruptcy action pending flag is used as a determining factor in the programmatic screening. Remove any erroneous flag.
07	Borrower was indebted to FSA before entering full-time active duty military service and is serviced according to RD Instruction 1950-C.
08	Loan is current under a Subject to Approved Adjustment (SAA). Note: SAA is a bankruptcy reorganization plan or debt settlement adjustment. Borrowers who are delinquent in a reorganization plan will be ineligible for offset if still under court jurisdiction.
09	Loan is past the 10-year statute of limitations to collect by offset (for open loans only).
16	Repayment plan has been approved by FSA.
